

The background of the slide features a large, faint watermark of the Indiana Department of Insurance logo. The logo consists of a central torch with a flame, surrounded by a circle of twelve stars. The word "INDIANA" is arched above the torch. The entire logo is rendered in a light yellow color against a blue background with a subtle wave pattern.

Indiana Department of Insurance

Supplemental Health Care Exhibit (SHCE)

February 2, 2012

Medical Loss Ratio (MLR)

Final Rule

- MLR Final Rule issued December 2011:
<http://www.gpo.gov/fdsys/pkg/FR-2011-12-07/pdf/2011-31289.pdf>
 - Individual/Small Group: **80% MLR**
 - Large Group: **85% MLR**
- IDOI received HHS decision on MLR waiver December 2011
 - Request was **not** granted
 - Letters posted on CMS website:
http://cciio.cms.gov/programs/marketreforms/mlr/mlr_indiana.html

2011 Financial Reporting Year SHCE Waiver

- MLR Waiver is for closed blocks of business in the individual, small and large group market segments (columns 1-7) IF the number of life years nationally across all states totals less than 1,000 lives
 - Life-years - Number of MM/12 if based on a full reporting year
- Companies domiciled in Indiana are eligible for a waiver
 - SHCE Waiver Deadline: February 15, 2012
- SHCE 2011 Waiver Instructions posted on IDOI website:
 - [http://www.in.gov/idoi/files/2011 Indiana shce waiver 2011.pdf](http://www.in.gov/idoi/files/2011%20Indiana%20shce%20waiver%202011.pdf)

Mini-Med Plans

- Separate Reporting Requirements
 - Incurred claims and quality improvement expenses are calculated using the following Policy Experience Multiplier:
 - 2011 – 2.00
 - 2012 – 1.75
 - 2013 – 1.50
 - 2014 – 1.25
 - Annual benefit limits of \$250,000 or less

Expatriate Plans

- Separate Reporting Requirements
 - Incurred claims and quality improvement expenses are calculated using the following Policy Experience Multiplier:
 - 2011 and beyond – 2.00
- Provide group coverage for employees working outside their country of citizenship and/or outside the employer's country of domicile
 - Non-U.S. citizens working in their home country

Fraud Reduction Expenses

- Deduction = Claim payments recovered \div total fraud reduction expenses
 - Claim payments can be included in incurred claims
- Include fraud prevention and fraud recovery
- Excluded from Quality Improvement Activities

Quality Improvement Activities (QIA)

- QIA functions **include** the following:
 - Improve health quality and outcomes
 - Provide desired health outcomes that are objectively measured and produce verifiable results and achievements
 - Prevent hospital readmissions
 - Improve patient safety
 - Implement/increase wellness and health activities
 - Health Information Technology (HIT) expenses that meet requirements as stated in §158.150
 - ICD-10 Conversion Costs- Includes up to 0.3% of earned premium for incurred costs in 2012 and 2013

cont. Quality Improvement Activities (QIA)

- QIA functions **exclude** the following:
 - Activities that primarily control or contain costs
 - Functions mainly designed to improve claims payment capabilities or meet regulatory requirements to process claims
 - Example- Costs to implement administrative standards and code sets adopted pursuant to HIPAA
 - ICD-10 Maintenance Costs

Rebates

- HHS Rebate Form- NAIC/HHS possible shared agreement
- SHCE Filing Deadline: April 1, 2012
- MLR Rebate Form Deadline: June 1, 2012
- Rebate Distribution Date: August 1, 2012
- Rebate Notifications- Issuer required to provide notice of rebates to each policyholder

cont. Rebates

- Rebates Paid to Policyholders for Specific Group Health Plans
 - ERISA Group Health Plans- Reference DOL website for guidance at www.dol.gov/ebsa/healthreform
 - Governmental Plans- Non-ERISA- Issuer direct payment to group policyholder provided written assurance that rebate used to benefit enrollees
 - Non-Federal Governmental Plans- Issuer direct payment to group policyholder which distributes rebate to enrollees based on option selected

SHCE Reporting Issues

- Group Plans with Employees in more than one state
 - Experience allocated to state based on situs of contract
- Individuals Sold Through an Association
 - Experience allocated to the state that issues the certificate of coverage
- Employer Business Issued Through a Group Trust
 - Experience allocated based on the location of the employer

cont. SHCE Reporting Issues

- Student Health Plans - Reported under Comprehensive Health Coverage or Other Business column depending on how business written
- Enhanced carrier accounting procedures, technical needs and staff expansion to meet SHCE reporting requirements

IDOI Contacts

- Issuers are welcome to contact IDOI directly with any questions related to MLR requirements or rebate allocations
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